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February 27, 2008

MEMO ENDORSED

VIA FACSIMILE

Honorable Colleen McMahon
United States District Judge
United States District Courthouse
500 Pearl Street
New York, New York 10007

Re: Alpha Capital Anstalt v. Silver Dragon Resources, Inc.; 07 CV 11430 (CM)

Dear Judge McMahon:

We represent defendant Silver Dragon Resources, Inc. ("Silver Dragon") in the above-referenced matter. We write to inform Your Honor that Silver Dragon has contacted LH Financial Services, Inc. ("LH"), which provides financial services to plaintiff Alpha Capital Anstalt ("Alpha Capital"), and indicated that it is prepared to comply with the Court's Order dated January 14, 2008. Silver Dragon has therefore informed LH that it will (i) deliver 333,333 shares of Silver Dragon common stock to Alpha Capital and (ii) reduce the exercise price for the Class A and Class B Warrants purchased by Alpha Capital to \$.60 per share. A copy of the email correspondence between Marc Hazout, CEO of Silver Dragon, and Asher Brand, of LH, making the necessary arrangements for this transfer is attached hereto as Exhibit A. Copies of the Court's January 14, 2008 Order and subsequent January 25, 2008 Order are attached hereto as Exhibit B.

Given its intention to comply with the Court's Order of January 14, 2008, Silver Dragon hereby withdraws its pending Motion to Set Aside the Default Judgments.

Respectfully submitted,

Brooke E. Pietrzak

cc: Kenneth A. Zitter, Esq. (via facsimile)

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